

Office of Attorney General Terry Goddard



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FOR IMMEDIATE RELEASE

Terry Goddard Kicks Off Consumer Protection Week 2005

(Phoenix, Ariz. – February 7, 2005) Attorney General Terry Goddard today kicked off Consumer Protection Week 2005. This year's theme "*Protecting Your Financial Security: Educate Yourself, Protect Yourself, Empower Yourself*," reflects the Consumer Protection priorities Goddard is pursuing this year.

Goddard announced the publication of the *Top 10 Consumer Scams; Arizona Attorney General's Red Flags and Protection Tips*, which gives Arizona consumers a guide for safeguarding themselves against common fraud schemes.

"Consumers need to know how to protect themselves against fraud," Goddard said. "My office is working hard to pursue those companies that violate the Consumer Fraud Act, but those consumers have already been hurt. Prevention through education is the best long-term strategy to combat the scam artists that prey on Arizona consumers."

The education strategy includes the release of the **Auto Loan Education Alert** issued today. Concerns about buying new and used cars continue to rank among the top 10 consumer complaints filed with the Arizona Attorney General's Office. The alert advises consumers of elevated high interest rates that some dealers try to give buyers who finance their purchases through the dealership. Goddard is asking consumers to contact the Attorney General's Office if they feel their final contract with a car dealer included a marked-up interest rate (one higher than the rate they are qualified to receive) based on ethnicity or race.

"Consumer calls are vital to my office's ability to pursue litigation against fraud schemes," Goddard said.

Goddard outlined the following priorities his office is focusing on in 2005:

Predatory Lending: The Attorney General's Office is committed to safeguarding Arizona consumers from the predatory practices of unscrupulous lenders. Specifically, Goddard would like to see Arizona consumers protected from predatory fees and practices involved in high-cost loans that 28 other states have already banned. These include:

- Prepayment penalties that trap consumers in high-cost loans.
- Balloon payments that force some consumers into foreclosure.
- Insurance that is paid by the consumer but benefits the lender.

Price Gouging: Arizona consumers have no legal protection from price gougers, as the state learned during the 2003 gasoline pipeline break and last year's flu vaccine shortage. Half the states in the country have laws prohibiting price gouging, and their use has saved millions of dollars for consumers. Florida Governor Jeb Bush successfully used his state's price-gouging laws to protect Floridians after their hurricanes last year. U.S. Health and Human Services Secretary Tommy Thompson urged states to use price-gouging laws to protect consumers during the flu vaccine shortage. Arizonans need the protection of a price-gouging law when a disaster disrupts the operation of the free market in our state.

Identity Theft: Last week the Federal Trade Commission named identity theft as its number one complaint throughout the United States and the Phoenix Metropolitan Area as one of the areas with the highest rate of ID theft in the nation. Goddard supports rules that require businesses to safeguard consumer records and shred customer financial information when disposing of documents. He also supports business notification to customers when records or computer systems have been compromised. The Attorney General's Office also will step up education efforts to help consumers prevent ID theft.

"Phishing" for Information: This is the practice of sending e-mail messages that appear to be from banks, governmental agencies, financial institutions, business firms such as PayPal®, eBay® or other Internet commerce transaction sites, asking for personal information. Recently there has been an upsurge in this practice. The e-mail messages look official because they include official-looking logos. Goddard wants consumers to be aware of this practice so they don't become victims of this scam. If the consumer responds to the email, scam artists steal their personal information.

Truth in Automobile Advertising: The Attorney General's Office is committed to leveling the playing field for consumers. The Office reviews car dealership ads, and is ready to pursue litigation for misleading practices. The deceptive advertising settlement with Precision Toyota of Tucson is one recent example of Goddard's commitment to this effort. He will be meeting with car dealership representatives in the next month to talk about these issues.

Internet Safety: Children are becoming computer literate at a younger age than ever and using the Internet extensively at home and at school. Goddard is committed to providing information to make the Internet a safe place for children to visit. Because the Internet is an anonymous medium, it is important for parents to understand what Web sites children use and who they talk with via email. Goddard will continue to take Internet Safety forums to Boys and Girls Clubs across Arizona to ensure that children know how to be safe while learning from the Internet.

Wireless Truth in Billing: Goddard is committed to full disclosure and fair practices for consumers with regard to wireless telecommunications providers. Current law leaves Arizona consumers exposed to fraudulent practices. These include unauthorized carrier changes ("slamming") and unwarranted charges ("cramming"). Goddard supports legislation that will allow the Arizona Corporation Commission to regulate wireless telecommunication providers with provisions similar to ones already in place for landline providers.

Gift Card Fee Regulation: As gift cards have become more popular, consumers should be confident they are getting what they pay for. Goddard believes that if someone buys a \$50 gift card, the recipient should be able to redeem it at full value. At the very least, if a business or retailer charges fees or imposes an expiration date, the consumer should be provided all relevant information on the card where the buyer and recipient can read the terms and conditions.

Arizona consumers can file complaints online with the Arizona Attorney General's Office through the Internet by visiting www.azag.gov or contacting the Attorney General's Office by phone:

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1275 W. Washington
Phoenix, AZ 85007
602.542.5763

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1.800.352.8431

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